

Shelton Canada Continues to Build Ukraine Portfolio

Thursday Feb 08, 2007

URL: https://www.rigzone.com/news/oil_gas/a/41046/shelton_canada_continues_to_build_ukraine_portfolio/

Shelton Canada has entered into an agreement with Chernomornaftogas to acquire a concession known as the North Kerchenskaya field in the southern part of the Azov Sea. The finalization of the acquisition and development of this project will be completed by a wholly owned foreign subsidiary of Shelton. This concession holds the North Kerchenskaya structure which was discovered initially by seismic and subsequently found to be gas bearing through drilling. Two gas wells have been drilled which have defined an estimated resource of up to 160 billion cubic feet of recoverable natural gas. Gas was tested from both wells at rates up to 2.5 million cubic feet per day from Miocene age reservoirs at drill depths of approximately 1300 meters. The North Kerchenskaya field is approximately 25 kilometers offshore with water depths of 12 meters.

This concession lies adjacent to the natural gas producing properties of North Bulganakskoye and East Kazantipskoye which produce from sediments of similar age.

An independent reserve report is being prepared by a Calgary based engineering firm.

The acquired interest is a 50 percent working interest in the North Kerchenskaya concession and through a wholly owned Shelton foreign subsidiary, the concession will be jointly developed and operated with Chernomornaftogas of Ukraine.

Zenon Potoczny, President and CEO, commented: "Reaching agreement with Chernomornaftogas on the North Kerchenskaya concession is a significant milestone for Shelton. This exceptional opportunity greatly enhances Shelton's portfolio with a project near two already producing fields not far from existing infrastructure and huge market. Because natural gas has already been discovered in significant quantities, we believe that this natural gas concession can be a profitable development and could add substantial value to Shelton. We also believe that we will be able to access further attractive opportunities to complement and expand our existing portfolio of properties in Ukraine."

The agreement regarding North Kerchenskaya represents a further important milestone in cooperation between Shelton and Chernomornaftogas following previously announced agreements on the West Birjuchja, North Birjuchja and East Birjuchja concessions all with a 50% participation for Shelton.

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Shelton is a junior oil and gas company listed on the TSX Venture Exchange holding an interest in producing properties located in northeastern British Columbia and north central Alberta. Shelton also holds petroleum and natural gas concessions in southern Ukraine.

